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No. 03-1163

Supreme Court, U.S.
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IN THE

Supreme Court of the United States

WYETH HOLDINGS CORPORATION,

Petitioner,

v.

THE UNIVERSITY OF COLORADO FOUNDATION, INC., THE UNIVERSITY OF COLORADO, THE BOARD OF REGENTS OF THE UNIVERSITY OF COLORADO, ROBERT H. ALLEN, AND PAUL A. SELIGMAN,

Respondents.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

REPLY BRIEF FOR PETITIONER

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INTRODUCTION

Respondents accuse Petitioner of attempting to create an "illusion" by disregarding what they claim are the "extraordinary facts of this case." Br. Opp. 1. To the contrary, it is Respondents' narrative that creates an illusion, for their account of those facts has little, if anything, to do with the questions presented for this Court's review.

Certainly the courts below determined that Petitioner wrongfully obtained a patent. But the questions presented here concern not the existence of a *wrong* but rather what *remedies* the law provides when a patent naming the wrong inventor is obtained. More specifically, the principal question presented concerns whether the federal Patent Act provides the exclusive remedies to an inventor who claims that a patentee improperly made use of his idea *in obtaining a patent*. Respondents insist that state law causes of action must be available to parties in their position—regardless of whether they have abided by the Patent Act's requirements and regardless of whether the Patent Act itself afforded them federal remedies that they concededly ignored. But, as this Court's own preemption cases show, that cannot be so.

Embracing the same disturbing view of patent law preemption that Respondents posit, the Federal Circuit has now repeatedly declined to find preemption even where a state law cause of action "frustrates federal patent policy by providing damages . . . distinct from the remedies established under federal law." *Dow Chem. Co.* v. *Exxon Corp.*, 139 F.3d 1470, 1480 (Fed. Cir. 1998) (Lourie, J., dissenting), *cert. denied*, 525 U.S. 1138 (1999); *see also Hunter Douglas, Inc.* v. *Harmonic Design, Inc.*, 153 F.3d 1318 (Fed. Cir. 1998). It has repeatedly ignored this Court's admonition that "conflict is imminent whenever two separate remedies are brought to bear on the same activity," and that "conflict in technique can be fully as disruptive to the system Congress enacted as conflict in overt policy." *Wisconsin Dep't of Industry, Labor & Human Relations* v. *Gould, Inc.*, 475 U.S. 282, 286 (1986) (internal quotation marks and citations omitted). And it has now extended that flawed line of

precedent to the pernicious extreme of permitting state law to resolve the uniquely federal question of whether a patent was properly obtained.

In the end, all of Respondents' vituperative accusations about Petitioner's misconduct reduce to the assertion that Petitioner obtained a patent when it was not the true inventor. That claim, however, is uniquely a creature of *federal* law, and it is *federal* law that provides a comprehensive scheme of remedies for resolving such disputes. If states are permitted to establish their own remedies for resolving inventorship disputes under the Patent Act, we will have taken a large step toward allowing the creation of up to 50 parallel patent law systems, destroying the national uniformity that is a central goal of the Patent Clause and throwing patent rights into disarray. Because no other court of appeals can step in to limit the effect of the Federal Circuit's decision and because the present decision represents the most extreme in a recent series of Federal Circuit decisions permitting state law encroachments on the federal patent system, this Court's review is warranted.

I. STATE LAW CAUSES OF ACTION THAT REST ON IMPROPER ACQUISITION OF A PATENT FRUSTRATE THE PURPOSES OF THE PATENT ACT AND MUST BE PREEMPTED

A. The Decision Below Is Inconsistent With The Principles This Court Has Established For Patent Law Preemption

When Respondents eventually address the legal issues presented, they caricature our arguments rather than respond to them directly. Respondents claim that we seek to impose a sweeping new "blanket preemption rule" that would bar *any* state law cause of action "relating to inventions," or even more vaguely, "in the presence of an invention." Br. Opp. 2, 9, 13. That is not so. No one advocates preemption of state actions for breach of contract just because a patent may be involved, *see Aronson* v. *Quick Point Pencil Co.*, 440 U.S. 257, 262 (1979); no one suggests that federal patent law—which promotes public disclosure of information—preempts state trade secret actions—which by

definition deal with secret information, *see Kewanee Oil Co.* v. *Bicron Corp.*, 416 U.S. 470 (1974). Rather, the issue in this case addresses preemption at the very heart of the patenting process: namely, state tort and unjust enrichment actions that turn on the allegation that the defendant improperly *obtained a patent.*

Far from proposing some novel expansion of patent preemption doctrine that would undermine *Aronson* and *Kewanee Oil*, the position we advocate represents an application of the very doctrine of conflict-of-purposes preemption affirmed in those and other decisions. As our Petition notes at the outset, quoting *Aronson*, state law must give way when it "stands as an obstacle to the accomplishment and execution of the full purposes and objectives" of federal patent law. Pet. 11 (quoting *Aronson*, 440 U.S. at 262).

No such conflict was found in *Kewanee Oil* and *Aronson*. But the stark differences, both legal and factual, between those cases and this one only highlight why the requisite conflict does exist here. First, the state law claims in those cases did not rest on a determination of inventorship, as Respondents' concededly do; rather, they concerned matters that "traditionally are [in] the domain of state law." *Aronson*, 440 U.S. at 262. In *Aronson*, the claims concerned enforcement of a contract: a royalty agreement for an invention that was unpatentable. As the Court noted, 440 U.S. at 266, the agreement involved "no fixed reliance on a patent or a probable patent grant." In *Kewanee Oil*, the claims rested on disclosure of trade secrets, private (and therefore by definition unpatented) information the defendants had agreed in writing to protect; the Court observed that "trade secret law and patent law have co-existed in this country for over one hundred years." 416 U.S. at 493. By contrast, while fraud and unjust enrichment are longstanding state law causes of action, their use to remedy acquisition of a patent naming the wrong inventor is the antithesis of tradi-

tional state law activity, and has never co-existed with patent law.[1]

Moreover, despite Respondents' contentions to the contrary (Br. Opp. 12, 15), references in *Kewanee Oil* (and in *Bonito Boats, Inc.* v. *Thunder Craft Boats, Inc.*, 489 U.S. 141, 162 (1989)) to the permissibility of state tort remedies for theft of *private* information only highlight an essential difference between the state regulation this Court has suggested would not be preempted and the state law causes of action at issue here. Even Respondents acknowledge that their claims rest not on any improper use of *private* information by Petitioner, but on Petitioner's use of information that was freely disclosed. *See* Br. Opp. 14-15 ("It was the *University doctors* who 'freely disclosed' their invention"). Far from providing a state law penalty for "industrial espionage," Respondents' claims would punish Petitioner for making use of information that was freely given, and indeed given with the expectation that it would be used by the recipient for commercial advantage.[2]

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[1] Thus, Respondents are wrong when they assert that this case involves the "application of 'unchallengeable' state law to tortious misconduct that historically has been the province of the states to deter and remedy." Br. Opp. 19. From the beginning of the Republic, the deterrence and remedying of improper claims of inventorship of a U.S. patent has been the province of federal law. For that reason, part III of Respondents' brief also sheds no light on the questions presented. In that part of their brief, Respondents argue that the disgorgement of profits ordered by the district court faithfully followed Colorado law. Whatever the merits of that analysis as a matter of state law, it incorrectly *assumes* that it is appropriate to apply Colorado law to remedy improper acquisition of a patent.

[2] Respondents also chastise Petitioner for "ignor[ing]" *Sears, Roebuck & Co.* v. *Stiffel Co.*, 376 U.S. 225 (1964), and *Compco Corp.* v. *Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964) (Br. Opp. 11), implying that those decisions are somehow inconsistent with Petitioner's preemption claim. On the contrary, to the extent that they are relevant, those decisions support Petitioner's contention that Respondents' state law claims are preempted by federal law. Respondents apparently cite them for the unremarkable proposition, repeatedly stated in the Petition and this Reply Brief, that state laws are preempted when they "interfere with the federal

B. Respondents' Claims Conflict With Federal Patent Law In Two Fundamental Respects

The decision below "stands as an obstacle to the accomplishment and execution of the full purposes and objectives" of the patent law (*Aronson*, 440 U.S. at 262) in two crucial respects. First, Respondents' claims conflict with patent law because they create procedures and remedies in an area in which the Patent Act itself establishes exclusive rules. Allowing parties to substitute state law for the comprehensive procedures and remedies set forth under the federal patent statute fundamentally undercuts the policy choices made by Congress and the PTO; it undermines the goal of "national uniformity in the realm of intellectual property," *Bonito Boats, Inc.*, 489 U.S. at 162; and it creates a powerful new source of retrospective insecurity for patent rights—the threat of state tort liability long after patentees thought their rights had been established under the federal patent system. Second, the Federal Circuit's decision allowed Respondents to gain "patent-like protection" under state law for "intellectual creations which would otherwise remain unprotected as a matter of federal law." *Id.* at 156. Notwithstanding Respondents' choice "not to file for patent protection" (Br. Opp. 12), the district court nonetheless undertook to determine that they were the true inventors and, on that basis, to award them the full value of patent exclusivity. This Court has made plain that, when parties fail to comply with federal law requirements for obtaining a patent, they may not use state law as a substitute. Yet that is precisely what the Federal Circuit allowed Respondents to do.

1. Patent law provides exclusive procedures and remedies for inventorship disputes

Respondents apparently concede that the Patent Act provides an array of avenues for resolving inventorship con-

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policy" embodied in a federal statute. *Compco*, 376 U.S. at 237. And indeed, in both *Sears* and *Compco*, the state unfair competition laws at issue were held to be preempted.

tests—including interference proceedings, defense of an infringement action, the reexamination process, and correction of inventorship. *See* Pet. 18-21. Yet they offer no explanation as to how these comprehensive federal procedures and remedies can be reconciled with permitting separate state law resolution of inventorship disputes. That is unsurprising, for at least three reasons. First, as even the court of appeals indirectly recognized, "grant[ing] greater relief to inventors than is afforded by federal patent law" will "frustrate the dual federal objectives of rewarding inventors and supplying uniform national patent law standards." Pet. App. 142a. Second, by creating new sources of state law liability for claims of erroneous inventorship, the courts below have thrown a shadow of retrospective insecurity over the property rights embodied in patents. Third, by providing relief to those who have failed to comply with the requirements of federal law, they fundamentally undercut the policy decisions Congress and the PTO have made in defining the procedures and remedies that control resolution of inventorship disputes.

Respondents' principal response on this score is to complain that none of the remedies available under the Patent Act would provide them with a "meaningful remedy" under the circumstances of this case. Br. Opp. 20. Congress, however, weighed the various competing interests and made binding decisions regarding what procedures and remedies govern patent inventorship disputes, and that balance cannot be jettisoned by resort to state law whenever a party has eschewed those procedures in order to pursue remedies that extend beyond those Congress authorized.

That is precisely the principle that formed the predicate for this Court's opinion in *Wisconsin Dep't of Industry, Labor & Human Relations* v. *Gould, Inc.*, 475 U.S. at 286, and the line of cases of which it is a part, *see, e.g.*, *Crosby* v. *National Foreign Trade Council*, 530 U.S. 363, 379-380 (2000); *Gade* v. *National Solid Wastes Mgmt. Ass'n*, 505 U.S. 88, 103 (1992) (plurality op.). Those decisions stand for the proposition that "conflict is imminent whenever two sepa-

rate remedies are brought to bear on the same activity," and "conflict in technique can be fully as disruptive to the system Congress enacted as conflict in overt policy." *Gould*, 475 U.S. at 286; *see also, e.g., San Diego Building Trades Council* v. *Garmon*, 359 U.S. 236, 247 (1959).

Respondents suggest that the *Gould* line is inapposite because it concerns preemption under the National Labor Relations Act, a statute they contend preempts state law more broadly than does the Patent Act. That contention, however, simply ignores the fact that this Court has repeatedly applied the same principles to preemption by statutes other than the NLRA. *See Crosby*, 530 U.S. at 379 (quoting *Gould*, 475 U.S. at 286); *Gade*, 505 U.S. at 103.

Respondents, moreover, both understate the importance of preemption under the Patent Act, and ignore the adverse consequences of having procedures and remedies in inventorship disputes that vary from state to state. As this Court has observed, "[o]ne of the fundamental purposes behind the Patent . . . Clause[ ] of the Constitution was to promote national uniformity in the realm of intellectual property"—a purpose Congress has promoted by, among other things, providing for the exclusive jurisdiction of the federal courts. *Bonito Boats, Inc.*, 489 U.S. at 162. Yet the goal of developing "a uniform body of law in resolving the constant tension between private rights and public access," *id.*, would be substantially undercut if a party's failure to comply with federal requirements could be nullified by simply turning to an alternative state law cause of action or remedy. As Judge Lourie observed in dissent in *Dow Chemical Co.* v. *Exxon Corp.*, 139 F.3d at 1480, "[p]ermitting a state claim [that] is essentially a duplication of federal remedies . . . leads to the potential of conflicting results, an eventuality that preemption is intended to avoid." *See also Dow Chem. Co.* v. *Exxon Corp.*, 144 F.3d 1478, 1480 (Fed. Cir. 1998) (Lourie, Newman, Rader, JJ., dissenting from denial of rehearing en banc). For this reason, this Court's admonition in *Gould* and its progeny stands: a conflict may arise not only from incon-

sistencies in substantive standards, but also from inconsistent remedial schemes.

2. The Patent Act preempts state causes of action that confer patent-like protection

In addition, the state law relief awarded Respondents is the very paradigm of "patent-like protection." Respondents complain that they did not obtain "transferable property right[s]" or all of the same procedural accoutrements available in a patent infringement action (Br. Opp. 12), but preemption does not require exact equivalence. Respondents consciously chose "not to file for patent protection," and, indeed, concede that they "intended to allow the invention to pass into the public domain." Br. Opp. 12, 14. Yet, over a decade later, the district court granted them, on the unjust enrichment claim, the full value of patent exclusivity, Pet. App. 45a, and, on the fraud claim, the full financial rewards of patent protection—fixing damages by calculating the amount Petitioner might have paid to secure an exclusive license to use Respondents' invention, Pet. App. 37a-38a. Indeed, by concluding that Respondents were the actual inventors and that Petitioner improperly obtained a patent, the lower courts for all practical purposes transferred the patent to Respondents. If that is not "patent-like protection," then the term has no meaning.[3]

Respondents suggest that state law remedies cannot be preempted because they advance a goal of the Patent Act, namely, promoting public disclosure of inventions. Br. Opp. 15. That is both incorrect and irrelevant. It is incorrect be-

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[3] Respondents contend that the absence of certain forms of relief, such as attorney's fees, means that they did not gain patent-like rights. That cannot be the case. The availability of attorney's fees in some infringement actions is hardly a defining characteristic of patent rights. Nor does the fact that Respondents did not gain a "transferable property right" (Br. Opp. 12) mean that they did not receive "patent-like protection." On the contrary, they received the full value of patent exclusivity, the essence of patent protection.

cause the claims allowed here would have succeeded just the same if Respondent doctors had disclosed their ideas to Petitioner alone. And it is irrelevant for all of the reasons preemption was found in cases like *Gould*, *Crosby*, and *Gade*. Indeed, by conceding that the state law cause of action at issue is one that "contribute[s] to the protection of an inventor's 'right to control whether and when he may patent his invention'" and that provides for the disgorgement as a remedy for improperly obtaining a patent (Br. Opp. 15) (citation omitted), Respondents could not more forcefully have made the point that the cause of action directly implicates judgments reserved to the federal system under the Patent Act.

II. THIS CASE OFFERS AN EFFECTIVE VEHICLE FOR ADDRESSING TWO IMPORTANT QUESTIONS OF PATENT LAW

Respondents contend that this case would be an inappropriate vehicle for addressing the questions presented. But none of the three objections they raise can withstand scrutiny.

Respondents' first objection—that the district court's judgment contained an alternative ground for relief—fails for two reasons. First, the alternative holding under § 256 itself raises an important question of patent law warranting this Court's review, namely, whether an action for correction of inventorship carries remedies that differ from and exceed the remedies available to all other patentees under federal patent law. Respondents' view of § 256 of the Patent Act is of a piece with their view of preemption. All remedies *must* be available—regardless of what the governing statute provides and regardless of a plaintiff's studied disregard of that governing statute. As this Court has repeatedly held, that lawless view does not prevail. "A court of equity cannot, by avowing that there is a right but no remedy known to the law, create a remedy in violation of law." *INS* v. *Pangilinan*, 486 U.S. 875, 883 (1988) (internal quotation marks and citation omitted). This case affords the Court an opportunity to make clear that this principle applies with full force in patent cases. Second, even if the Court were to conclude that the § 256 question would benefit from further develop-

ment, it can simply remand to the Federal Circuit after resolving the preemption issue. Such a course is far from novel. *See, e.g., Norman* v. *Reed*, 502 U.S. 279, 294-296 (1992).

The second objection—the absence of a circuit split—is even more groundless. Circuit splits generally do not develop on questions of patent law because of the Federal Circuit's exclusive jurisdiction. *See* 28 U.S.C. § 1295(a). Needless to say, that hardly prevents this Court from regularly taking patent questions for review. *See, e.g., Festo Corp.* v. *Shoketsu Kinzoku Kogyo Kabushiki Co.*, 535 U.S. 1138 (2002); *J.E.M. Ag Supply, Inc.* v. *Pioneer Hi-Bred, Int'l, Inc.*, 534 U.S. 124 (2001).

Finally, Respondents incorrectly suggest that Petitioner's failure to seek certiorari after the Federal Circuit's initial decision in this case in 1999 somehow represents a procedural default under the law of the case doctrine. That doctrine, however, has no relevance to a higher court's review of a lower court's resolution of an issue. In any event, Petitioner was the prevailing party in that 1999 decision, which vacated the district court's judgment against it and remanded. Only exceptional circumstances would have justified this Court's granting a request from Petitioner for review at that point, and thus only exceptional circumstances would have justified Petitioner in making such a request.[4]

CONCLUSION

For the foregoing reasons, as well as those presented in the Petition, the Court should issue a writ of certiorari.

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[4] Respondents criticize Petitioner for not devoting sufficient space in its brief before the Federal Circuit to the issue of preemption. This Court has long taken the view that "[a]ny issue 'pressed or passed upon below' by a federal court is subject to this Court's broad discretion over the questions it chooses to take on certiorari . . . ." *Verizon Communications, Inc.* v. *FCC*, 535 U.S. 467, 530 (2002). The issue of preemption was both pressed and passed upon below.

Respectfully submitted,

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